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Senate Unit Rejects Most Civil Service Cuts

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The Republican-controlled Senate Budget Committee yesterday rejected most of President Reagan's proposed cost-cutting for the Civil Service next year, including his year-long freeze on federal pay.

It also brushed aside many of Reagan's proposals for new savings from Medicare, the health care program for the elderly, as it continued to shield domestic spending programs—including food stamps, welfare and other benefits for the poor—from sweeping new cutbacks in the fiscal 1984 budget.

While approving some reductions in Medicare and other basic benefit programs, the committee shied away from many others recommended by the president.

By late afternoon, when it had tentatively completed its action on spending, the committee had added more than \$11.3 billion to Reagan's proposals for all domestic spending.

This was more than three times the \$3.3 billion savings in defense that it approved last week in reducing Reagan's proposed military spending buildup from 10 percent to 5 percent after accounting for inflation.

The committee's actions left a tentatively projected deficit of \$192.3 billion before a vote on a possible tax increase today, and Committee Chairman Pete V. Domenici (R-N.M.) vowed to take his colleagues back through their spending decisions in hopes of curtailling spending and reducing anticipated deficits over the next five years.

Domenici is pushing for no significant tax increases before 1986. But Democrats want about \$30 billion in additional taxes, which is what the

House has approved, for fiscal 1984. And conservative Republicans were circulating an omnibus budget alternative that would freeze taxes while bringing down deficits by seeking new spending cuts.

For the Civil Service, the committee left room in the budget for a 4 percent pay raise in April 1984, six months later than it normally would come. The House, in its budget, has approved a 4 percent raise starting this October.

Reagan had recommended no pay raises through October, 1984.

The committee approved the delayed 4 percent raise after rejecting, 7 to 4, a proposal by Sen. Daniel Patrick Moynihan (D-N.Y.) for a raise of 5.25 percent this October, followed by 4 percent raises in later years.

The committee's action does not guarantee a pay raise; it merely allows room in the budget for one that would cost the equivalent of 4 percent for 6 months. However, the action considerably improves chances of at least some federal pay raise during the year.

The pay raise approved by the committee was just for Civil Service employees, although committee aides said they expected raises to be approved for the military as well.

On Civil Service retirement, the committee rejected Reagan's proposal for a 12-month delay in cost-of-living increases for pensions, and instead anticipated congressional approval of a six-month delay, the same as Congress has approved for Social Security.

It also implicitly rejected Reagan's proposal to increase federal workers' contributions to their retirement system and to reduce benefits for workers who retire before age 65.

While accommodating about \$10 billion worth of Medicare savings through 1988 that were part of the Social Security rescue plan approved by Congress last month, the committee approved only \$13.6 billion of the \$31 billion in additional Medicare savings that Reagan recommended for the five-year period.

It approved a freeze on fees for doctors who charge more than federally approved rates. But it rejected a proposed increase in beneficiaries' share of hospitalization costs.

"That proposal was right up there with defense in taking a good idea and blowing it," a committee aide said.

The committee's spending projections anticipated an increase in Medicare premiums for individuals who earn more than \$25,000 a year. For them, monthly premiums would be raised from an average \$14.30 to \$22.20, according to committee aides.

For Medicaid for the poor, it approved an extension of existing curbs on cost growth approved two years ago.

For health as a whole, the committee approved \$1.6 billion more than Reagan wanted, including a permanent expansion of several health care programs that had received a one-shot infusion of new funds in the jobs and recession-relief bill that Congress passed last month.

For income security, including Civil Service pensions, it approved \$2.5 billion more than Reagan requested. It also brushed aside most of his recommendations for cuts in programs aimed at helping the poor. It added \$300 million for child nutrition and related programs.

Still at issue as the committee finished its first round of votes on domestic spending was whether it would raise taxes significantly or go back and make spending cuts to help bring down the deficit.

"We've been spending money as though we had it to spend," Sen. Slade Gorton (R-Wash.) complained at one point. Taxes were the main item still left on the agenda last night.

On education, employment and social services, the committee broke again with Reagan in ignoring recommended surgery, including a controversial proposal to consolidate student loan programs.

Instead, the committee approved a continuation of current programs, augmented by increases for activities such as education for deprived children and job training for dislocated workers. Overall, it added \$1.7 billion to Reagan's budget for education and jobs, or about 7 percent more than he wanted.

Shortly before the committee was to take up taxes, 19 Republican senators announced that they will vote against any budget that anticipates repeal of the 10 percent income tax cut due in July or cancellation of automatic inflation adjustments in tax rates for future years.

They were attempting to counter a move by five moderate Republicans to repeal both tax provisions, a move that is supported by many Democrats.

"We cannot be party to efforts to raise taxes on working men and women any further than has already been done in the last two years," the senators said in a letter to Majority Leader Howard H. Baker Jr. (R-Tenn.). "Enough is enough."